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14 JUL 1975

MEMORANDUM FOR: *Pating* Deputy Director for Administration

THROUGH : Chief, Plans Staff, DD/A

SUBJECT : Fighting Inflation and Reducing Daily Operating Costs

REFERENCES : (a) Multiple Adse Memo dtd 28 Feb 75 fr DCI, same subj
(b) Memo dtd 4 Apr 75 to DD/A fr D/L, same subj

1. This memorandum is for information only.

2. During the fourth quarter of FY 1975, the Office of Logistics looked at every conceivable approach to overall economy in its operations. Although in some instances we have not been successful in quantifying dollar savings, we are able to determine actual dollar figures in many of the following:

COST REDUCTION MEASURES

REMARKS

✓ a. Reduction in water usage and water heating costs through the use of automatically controlled cut-off valves on laboratory processing equipment.

We now have determined that the remaining equipment in use does not lend itself to installation of automatic cut-off valves. Fourth-quarter savings of \$112 were realized from the two valves which were installed, however.

✓ b. Cost avoidance through use of roll paper instead of cut sheets.

This modification to Davidson Perfector presses resulted in fourth-quarter savings of over \$29,000.



During FY 1975, the Agency saved some \$21,000 based on this project. We propose to continue on with the arrangement through FY 1976.

✓ d. Utilization of DOD and other surplus material

During FY 1975, we obtained large quantities of electrical, plumbing, office, and automotive supplies from this source. We estimate that the value of material received approached \$53,000 during FY 1975. We will continue to utilize this source in the future.

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✓ e. [] conversion of five boilers from fuel oil to natural gas.

This action will result in an annual savings of \$6,000. A corollary benefit will result from this conversion, i.e., less air pollution.

X f. Deletion of slow-moving or obsolete items from our stock system.

Although no dollar figure is relevant, we continue to eliminate items from the inventory. For example, [] stocks were reduced, during the last quarter in FY 1975, by 60 line items. A similar approach is being taken with respect to Logistics Services Division (LSD), Building Services Branch (BSB) stocks. To date, little or no customer resistance has been noted.

✓ g. Consolidation of local delivery schedules.

[] was successful during FY 1975 in reducing vehicle mileage by 44,000 miles through analysis and subsequent re-scheduling of deliveries. Overall, including all inherent factors, we estimate that about \$7,300 was saved.

✓ h. Fabrication of reusable containers for depot use.

Some 250 reusable containers have been built [] since 1 January 1975. We believe that each of these can be used at least six times. If this is possible, we will have realized about \$22,500 savings in labor and material. More of this type of activity will be entered into during FY 1976.

✓ i. Study of use of reusable plastic envelopes to replace standard paper envelopes.

Four thousand plastic envelopes were distributed to various offices for testing. Based on this experience, the Information Systems Analysis Staff recommended that the program be discontinued and no more plastic envelopes will be purchased.

✓ j. Elimination of 10 courier positions, 8 vehicles, and a reduction in courier runs as a result of courier consolidation.

There is no doubt that consolidation of courier systems in OL will result in definite economies as well as improved service. Actual reductions will not be seen, however, until later in FY 1976.

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✓ k. Reduction of costs for U.S. mail.

We have been monitoring use of penalty indicia postage and now use couriers to deliver items previously sent through the U.S. Postal Service. We estimate that the Agency saved approximately \$12,500 during the fourth quarter of FY 1975 through this approach.

✓ l. Better utilization of office equipment.

Every effort has been made to recover, repair as necessary, and reissue office equipment. We have had some success in this effort. Good examples are:

✓ (1) During the fourth quarter of FY 1975, 36 manual typewriters were repaired and reissued. This reflects a savings of nearly \$6,000 based on the cost of new typewriters.

✓ (2) Twenty-five nonfunctioning wall clocks were repaired inhouse and reissued at a savings of \$202.

✓ m. Review of personnel staffing for possible reductions.

During the fourth quarter of FY 1975, one position was eliminated in LSD's [redacted]. The position was a WG-11 Machinist. This action results in an annual savings of \$12,480.

② ✓ n. The office has reviewed Agency use of paper products in an effort to reduce the substantive costs of these commodities.

We previously reported on the planned utilization of scrap paper converted to scratch pads. During the fourth quarter of FY 1975, this concept has been carried further:

(1) One thousand and three reams of nonstandard size paper will be made into 8- by 10-1/2-inch paper tablets, at a nominal cost, for issue through our supply rooms at no cost. Estimated FY 1976 savings will be \$11,000.

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✓ o. Better utilization of cardboard boxes.

Until recently, BSB was disposing of the cardboard boxes in which our supply room materials were received. We now have changed this procedure and are saving these boxes for subsequent issue in lieu of new Records Center boxes. We anticipate that we can cut the current annual expenditure for purchase of Records Center boxes in half. As information, during FY 1975 we spent \$11,812 for 31,250 Records Center boxes. Anticipated savings, therefore, will be \$5,900 during FY 1976.

✓ p. Savings in printing ink costs through purchases in larger containers.

We are moving ahead with this. During the last quarter of FY 1975, bulk purchases of ink provided the Agency with a \$300 saving.

✓ q. Reduction in paper costs through the use of less expensive stock for publication covers.

We have tested this concept with Office of Current Intelligence publications and have received that office's approval. Estimated savings during FY 1976 will be \$1,780.

r. Reduction in paper utilization, press, bindery, dissemination, and document storage costs through the use of micro-publishing.

This use of microfilm is growing constantly. During FY 1975, more than 4.7 million source documents were filmed. This represents a 28.7-percent increase over FY 1974. Although we are unable, at this time, to determine monetary savings, the potential for savings is enormous.

✓ s. Rehabilitation of existing unitized steel furniture.

The Agency is heading toward a time when all personnel work areas will be outfitted with "Office Excellence" type furniture.

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If we were to buy the furniture required to replace the [] work stations now in use with new furniture, the cost would be \$4,513,500 based on current prices. If, on the other hand, we upgrade the existing unitized steel units to "Office Excellence" standards, the cost to the Agency will be \$936,615 for a projected overall savings of \$3,577,000 or about \$500,000 per year for the 6- to 7-year time frame now planned on.

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X t. Review of current day-to-day operating procedures.

There are many paper handling processes now in effect which, if modified, could result in decreased costs. These will be looked at in depth and identified in future reports.

3. There has been no change in status of the remaining items previously discussed in reference (b). Any changes in those areas and any new projects developed in the future will be covered in our next report.

/s/ Michael J. Malanick

Michael J. Malanick
Director of Logistics

cc: C/PS/DDA

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Approved For Release 2003/05/05 : CIA-RDP85-00809R000100010005-4

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